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# Auto Sales Company

BUSINESS PLAN

MOUNTAIN VIEW LEASE, LLC

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*900 Minchon Drive  
Pebbles, Colorado 80211*

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*This plan helped Mountain View Lease, LLC obtain a \$275,000 Small Business Loan for facility build-out construction and a \$225,000 line of credit for company start-up and vehicle acquisition-related costs.*

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- EXECUTIVE SUMMARY
  - COMPANY SUMMARY
  - AUTO SALES & LEASING OVERVIEW
  - MARKET ANALYSIS
  - STRATEGY & IMPLEMENTATION
  - PROMOTION STRATEGY
  - FINANCIAL PLAN

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## AUTO SALES COMPANY BUSINESS PLAN

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### EXECUTIVE SUMMARY

High-end pre-owned auto sales (Cadillac, Lexus, BMW, Audi, Saab, Mercedes, Infiniti, and Lincoln) and related leasing assistance are the basis of Mountain View Lease, LLC and the makings of a profitable venture. Management of Mountain View Lease is presently seeking funds to develop and grow the business in a phased approach, as highlighted within this planning tool.

Mountain View Lease, LLC is a new, “highline” auto sales and leasing service being made available to vehicle buyers throughout the Greater Pebbles area. The owner, Frank Simons, has extensive business experience — over 30 years’ experience in the sales and leasing field. Desiring to start his own business, Frank established Mountain View Lease, LLC in 1998.

The foundation for the plan is a combination of primary and secondary research upon which the marketing strategies are built. Discussions and interviews were held with a variety of individuals and businesses to understand why and how they might consider using a pre-driven auto sales and leasing service. Census data, county business patterns, and other directories were consulted to develop the market potential and competitive situation.

As a start-up business, Mountain View Lease, LLC shall specialize in individual and business clientele needs for sales and leasing of executive-driven and new highline vehicles. Management has determined that presently this market niche, in the Greater Pebbles area, is underserved. As growth warrants, additional staffing and/or additional service locations can be realized (Phase II).

### Business Plan Purpose

#### Introduction

In today’s highly competitive environment, formal business planning is an essential element in achieving business success. A well-written business plan is primarily a communication tool to be used in obtaining financing. In certain instances, particularly with an early stage company, this business plan also serves as a strategic plan.

Considering that lenders are inundated by numerous investment opportunities from which they choose only a few, this business plan describes our story and how we intend to grow with your assistance. The Mountain View Lease, LLC management team has made an in-depth analysis of its opportunities and weaknesses and it has concluded that the company has an excellent chance to succeed.

#### Methodology for Business Planning

Sophisticated business planning helps management answer questions such as: What will be our record of achievement? How have we fared compared to our competitors? Are we setting realistic and attainable goals and objectives?

Constructive and useful business planning requires a broad-based understanding of changes taking place in the marketplace in which the company competes, or plans to compete, and the ever-changing financial markets. In-depth technical skills in a variety of disciplines such as tax, financial analysis, sales, marketing, and managing growth are critical components in assessing a company’s opportunities and risks.

#### Developing the Business Plan

The management of Mountain View Lease, LLC has developed this disciplined planning

methodology to help the company anticipate its start-up economic requirements and other critical information, and arrive at this realistic plan.

### Guidance from Outside Professionals

Mr. Frank Simons has sought out assistance and advisors to Mountain View Lease, LLC in developing its business plan. However, he will maintain an active management involvement in every aspect of the formation of this business plan, and the plan reflects his experience of the industry and his concept of the business.

The experienced professionals Mr. Simons has obtained have assisted the company in:

- Helping develop a realistic business plan
- Reviewing financial projections incorporating all of the assumptions and quantitative data presented in the business plan
- Assisting in structuring funding options and lending offerings
- Conducting market research
- Researching growth potential for the industry
- Identifying competitive forces and products
- Offering creative marketing approaches

### Five Objectives of Mountain View Lease, LLC:

1. Attract construction and start-up investment capital
2. Focus ideas and establish goals
3. Identify and quantify objectives
4. Track and direct growth
5. Create benchmarks for measuring success

Mountain View Lease, LLC was formed to market and lease executive “high end” new and pre-driven vehicles to individual and business customers. The integration of these disciplines results in a comprehensive service for the discriminating vehicle buyer.

### Mission Statement

Mountain View Lease, LLC’s mission is to provide quality sales and leasing services to all customers seeking highline pre-driven and new vehicles. We shall endeavor to provide our products and services in a comprehensive and cost-competitive manner.

This Business Plan serves to detail the direction, vision, and planning to achieve our goal for providing superior and comprehensive pre-driven auto sales and leasing services. Our plan objectives are:

- Attract \$275,000 for Facility Construction
- Secure \$225,000 for Start-up and Credit Line Capital
- Focus Ideas and Establish Goals
- Identify and Quantify Long-Term Objectives
- Track and Direct Growth
- Create Benchmarks for Measuring Success

Mountain View Lease, LLC was founded by Mr. Frank Simons in October 1998. Mountain View was created to address the need for niche sales of new and pre-owned executive automobiles and their leasing. Mountain View Lease, LLC will expand its client base throughout the Greater Pebbles Area.

## COMPANY SUMMARY

## Company Ownership

**Management & Organizational Summary**

**Corporate Development Plan**

**AUTO SALES & LEASING OVERVIEW**

Simons has been in the sales and leasing field since 1969. Having completed nearly 30 years at various local dealerships he has a complete knowledge and experience in this industry.

**Key Advisors to the Company**

Mountain View Lease, LLC has additional key advisors to assist it. Mr. Frank O'Brien has been retained by Mountain View Lease, LLC to assist in the development, planning, and marketing phases. Edward Thompson, Attorney is the legal advisor and Mike Smith, of Black and Smith, is an accountant advisor.

Frank Simons will manage all aspects of the business and lease departments to ensure effective customer responsiveness. Additional support services will be provided by qualified sales consultants. Support staff will be added as client workload factors mandate.

For purposes of this Business Plan document, Mountain View Lease, LLC — Phase I and Phase II for developmental growth are defined below:

**Phase I** — This phase involves planning, renovation, and development of Mountain View Lease, LLC's property at 900 Minchon Drive, in Pebbles, Colorado. Mountain View Lease, LLC will establish its own identity, management directives, and capital. Incorporating a total quality management approach, Mountain View Lease, LLC will develop key "base" businesses which require automobiles for its employees on a recurring basis and call upon management's 30-year, established customer base. Through word-of-mouth and advertising, pre-driven quality car buyers will be secured.

Phase I build-out, start-up, and development credit line needs are documented in this business plan.

**Phase II** — Continue implementation of sales, advertising, and marketing strategies developed in Phase I. Identify and pursue other business support markets. Mountain View Lease will target other communities for expansion.

Mountain View Lease anticipates the need for sales and support staff to be added during this phase.

Initially, Mountain View Lease management will focus its efforts in Phase I activities. Phase II efforts depend upon the timely development of Phase I and the analysis of its customer service base. The availability of Mountain View's growth funding capital will directly impact the growth rate of this company.

Establishing an auto sales and leasing business clientele will take some time but once the word is out to our former customers, as the research revealed, word-of-mouth /recommendations / referrals are the primary way in which auto sales and leasing services are selected by new customers. People who are completely new to the area, or who have few established connections, may look to the Yellow Pages or other advertising to establish available service vendors, they may stop in or call for information, product availability, or pricing.

In eastern and western Pebbles, a few companies are established in the used-car business. None of them specialize in the higher end, exclusive pre-drive automobile market. Our potential exists due to the reliable and professional, business and management niche consumer that we are targeting—a market opportunity presently under-served.

Strengths of Mountain View Lease, LLC include Frank Simons's broad base of sales and management experience in successful automobile dealerships from 1969 to 1997. This experience means Frank understands the needs of corporate business clients and the individual vehicle buyer when it comes to offering quality automobiles — hence, his tag line “Down to Earth, Dedicated Service.” Mountain View's emphasis is on consulting with the customer, bringing their attention to new and pre-driven products perhaps not considered, and explore the strategies for financing and leasing, in a pro-active manner, in order to please the customer.

This “full service” niche appears to be vacant in the market, with most auto sales and leasing companies focused on volume and throughput, leaving little time available to get to know the customers needs well enough to become a sales “partner.” In addition, Frank's willingness to meet with customers during evening and weekend hours, as well as in their own office or home offers convenience for the vehicle buyer, and is especially attractive to the aging population. This approach will ensure repeat customers.

1. A Vital Service Designed for the Discriminating Pre-Driven Car Buyer
2. Customer Sales Program — “Down to Earth Dedicated Service for Your Quality Vehicle Needs”
3. Controlled Overhead and Operational Costs
4. Regular and On-Going Customer Feed Back
5. Sufficient Forms. and Technology/Software Capacity
6. Consultation Services — Ongoing
7. Dedicated Management and Support Staff

Mountain View Lease, LLC, like all businesses, is affected by forces and trends in the market environment. These include economic, competitive, legal/political, technology, and customer issues.

**Economic Environment** — Positive forces include the generally prosperous economy that is currently in place, full employment, rising wages, and low inflation, leading more people and businesses to be willing and able to treat themselves to a highline vehicle. The strong stock market means people are making more money, primarily in the form of capital gains.

Even though corporate downsizing is generally observed as a negative trend, it has positive implications for Mountain View Lease, LLC. A growing number of companies have eliminated the company car and favor the tax benefits of leasing.

**Legal/Political Environment** — As stated above, the new tax laws, for automobile deductions, are becoming very complicated for the average sales person/small business to stay current with and understand. Car leasing is a way to save money and taxes.

**Technology Environment** — Computer programs will greatly simplify the financial recordkeeping and tax preparation for controlling the output of the Mountain View business. Frank has developed the expertise necessary to run the financial end of the business, including learning and updating auto sales and leasing software. Outsourcing of business functions to an outside accounting expert will ensure the financial data will be done.

Eleven used-car lots are listed in the Greater Pebbles phone book. None specialize in the upscale executive market segment. These firms range from private individuals with just a few cars in their tow truck area to a Chevrolet-Olds-Cadillac distributorship. None of the four

## Competitive Advantage

## Industry Keys to Success

## MARKET ANALYSIS

## Competitive Environment Summary

market a leasing ability. The businesses offering used auto sales or leasing services in Greater Pebbles (source through Ameritech and Midwest Directories) are listed as follows:

**Duncan**

Country Chevy, 224 West Bark Road  
 Duncan Auto, 463 Rapstitch  
 Mark Chevrolet-Olds-Cadillac, 313 West Cliff  
 B&Y Auto Sales, 165 Highway 30

**Lake Kirby**

Kirby Lakes Ford-Chevy, Hwy. 3 & 444 Whipper Street

**Lake Bonners**

Kitt's Auto & RV, 4 Mouse Road  
 Koomer's Motors, Highway 46 & Jenner  
 Schmidt's Auto, Inc., Route 4  
 Loomtoom Auto Sales Inc., 234 W. Ohio  
 T&T Sales, 141 South Taft  
 Dudley's Ford, Highway 46 and Milktoast

There are some new car dealerships that we are sure sell used cars from trade-in, etc. However, they are not in the "business" of doing so. We have not listed the local used car lots in this business plan from customers who may come from the adjacent counties like Rock, Racine, or Waukesha.

Generally, an auto sales and leasing company would like to target those customers of upscale demographics and who can afford the luxury car market—even though some of the cars offered will be pre-driven. This customer appreciates the reliability and stature associated with the following nameplates:

Audi	Jaguar	Porsche
BMW	Lexus	Saab
Cadillac	Lincoln	Volvo
Infiniti	Mercedes	

A review of competitors' marketing strategies reveals no one launching an attack on the upscale pre-driven car market in greater Greater Pebbles. Only one company is advertising through the Yellow Pages regarding leasing services. The general approach to get new business is through networking, referrals, and personal selling. Auto sales and leasing is a referral-driven business.

Other strategies to build customer sales include telemarketing and encouraging and rewarding present clients to refer future clients. Networking within business groups, civic groups, church groups, etc. is important, even if the business results are not immediately felt. People want to obtain financial and auto sales and leasing services from someone they trust; and that can be someone they knew from past membership in a group. Groups may also offer the opportunity for the business person to give a talk to the membership—an excellent public relations opportunity.

**Market Research  
Summary**

A hypothetical behavior sequence model for a showroom (not private) car buying individual using an auto sales and leasing service for the first time might look something like the following: (based on discussions and interviews with potential clients):

Individual decides to obtain a luxury automobile. This may happen as a result of a change in the individual's life situation (marry, divorce, lose a spouse, move, win the lottery) or investment/tax situation (sell house, large wage increase, receive inheritance). The need can arise anytime, but spring and summer months are when most people are thinking about upgrading their transportation.

Individual investigates the pre-driven auto sales and leasing services. In most cases, this means the individual will consider walking through the car dealerships where they have shopped in the past (favorable) and/or a place that has been highly recommended. Those buyers who do not know any dealer lots personally, will begin asking their friends, family, co-workers, etc., for recommendations. If the individual is new to the area or otherwise has not made any close connections with people, he/she would look in the Yellow Pages for a listing, or would look in a newspaper for advertising.

Acting on the advice of friends (or his/her own knowledge), the individual will tour or call on the recommended auto sales company to obtain information that will help him/her decide. Criteria for selection include: performance (can the car meet customers expectations); reputation (quality); reliability (can the car be counted upon); courtesy (sales force); and value (is the product affordable?).

Based on the information received, the individual makes a decision and test drives the vehicle.

The individual's satisfaction with his/her decision and with the dealership's service itself is largely a function of their interaction with the consultant and the potential vehicle during their meeting. The consultant should do everything possible to ensure a satisfactory experience for the customer, so that future business (and future referrals) are not at risk.

An investment is made on behalf of the consultant to understand the car buyers, listen, communicate, and retain information from their discussions.

Marketing strategies will build on this model, taking advantage of precipitating events, fostering word-of-mouth recommendations, and creating satisfaction through interacting with the client.

### **Summary of Opportunities and Threats in the Environment**

Overall, the environment appears very positive for Mountain View Lease, LLC auto sales and leasing. The forces driving market demand, mainly economic and political/legal are strong, with new businesses forming, new residents moving into the county, and more complicated tax regulations requiring a knowledgeable accountant to keep company car records in order. On the negative side, barriers to entry are low.

The business is driven by referrals, so for the first few years Mountain View Lease, LLC will need to be more aggressive in getting new customers, who will then pass the word on, and the business can begin to experience organic growth.

### **Marketing Strategies**

Target Markets — Business (Greater Pebbles)

Businesses with an emphasis on tax benefits of leasing cars rather than ownership.

## **STRATEGY & IMPLEMENTATION**

**Target Markets — Consumer (Greater Pebbles)**

- Upper-income households.
- New residents in the area.
- Retired Individuals.
- Families seeking safety features found on many high-end vehicles.
- Seasonal residents.

**Positioning and Product Strategy**

For both business and consumer clients, Mountain View Lease, LLC will be positioned as a full-service auto sales and leasing service that takes the time to get to know the customer's situation and become a partner in their decision making process.

**Distribution Strategy**

Unlike products which are produced, then distributed and sold, auto sales and leasing services are produced and consumed simultaneously in a real-time environment. Thus, distribution issues center on making the services available in a convenient manner to the most number of potential clients. Mountain View Lease, LLC will maintain extended hours and meet with clients in their home or office, whichever is more convenient. This flexibility is especially attractive to elderly customers. Car buyers can contact Mountain View Lease, LLC by telephone, fax, and e-mail. Mountain View Lease, LLC offers evening and Saturday hours, in addition to the regular business hours.

**Pricing Strategy  
Markup**

Mountain View anticipates a 20% markup over car obtained from dealer auctions and fleet companies. The leasing industry norm for the leasing portion of the business is 10%.

**PROMOTION  
STRATEGY**

Promotion strategies will vary depending on the target market segment. Given the importance of word-of-mouth/referrals among all market segments when choosing a pre-driven car dealership, efforts are designed to create awareness, stimulate trial, and build referrals. A cost-effective campaign, focused on direct marketing, publicity, Internet web page, and advertising is being proposed.

**Marketing Plan**

Mountain View Lease, LLC auto sales and leasing can consider developing a one-page newsletter to be mailed quarterly to select target customers and prospects in its database. The newsletter can be used to update clients on available vehicles, leasing information, and tax-related benefits, but also serves as a reminder of what sets Mountain View Lease, LLC apart from other auto sales and leasing services—being a partner.

A news release will be sent to area newspapers and magazines announcing the launch of Mountain View Lease, LLC. Frank Simons is a member of the local Pebbles Area Chamber of Commerce. He will also make himself available for speaking engagements at other community or civic organizations. Becoming a sponsor in a community event (Festival of Summer, County Fair, Autumn Fest, various parades, bloodmobiles, etc.) is a low-cost way of increasing awareness and building goodwill in the community.

As a means of building repeat business, customers should be encouraged and rewarded for their repeat business. This can be accomplished by offering a discount special price to past customers who returned. Advertising is utilized primarily to attract and inform a new car buyer or business clients for the purpose of selling them a luxury car. It also serves to build awareness



and name recognition of the company in general which is important for word-of-mouth referrals (“Oh yes, I’ve seen that company’s ads before.”). General methods of marketing:

Greater Pebbles Shopper/Sunday Shopper - advertising in this Wednesday and Sunday primarily classified newspaper reaches over 33,000 homes and businesses in the county twice each week. A 12-week schedule in the beginning will be undertaken. Mountain View Lease, LLC can use its business card as creative, and can be placed under the “Services Offered” section of the display/ classified ads.

Yellow Pages - Ameritech PagesPlus, Greater Greater Pebbles Telephone Directory. Research indicated that new residents or people who don’t have many personal acquaintances to ask about auto sales and leasing services will look to the Yellow Pages to establish a list of potential auto sales and leasing services to call. Even a small 2" x 2" boxed ad can create awareness and attract the desired target client, above and beyond the ability of a simple listing to do so. Ameritech Yellow Pages covers the relevant market area, delivering over 30,000 copies to residents and businesses. Midwest Directories covers Greater Pebbles, with a circulation of 90,000, but is considered a second-tier directory to Ameritech.

Web Page - Opportunities exist for a business to establish themselves among the fast growing Internet information system. Internet advertising will reach area residents as well as seasonal/tourists for their permanent homes.

Cable TV - local cable outlet commercials to air.

All advertising will be demographically analyzed to maximize exposure effect and response.

#### **Example Promotion Budget - 1999**

Company brochure (2-color, 1,000 quantity, high quality paper)	\$650.00
Lists (businesses, upper-income residents)	\$450.00
Postage (mailing 300 pieces)	\$400.00
Telephone follow-up (\$0.50/call x 100 calls)	\$50.00
Public relations activities and sponsorships	\$500.00
Cable TV program (30 second spots)	\$4,900.00
Newspaper advertising (Shopper)	\$7,500.00
Yellow Pages advertising	\$3,650.00
Miscellaneous flyers	\$700.00
Web Page Maintenance	\$200.00
<b>Total for 1999</b>	<b>\$18,000.00</b>

Objectives have been established for Mountain View Lease, LLC so that actual performance can be measured against them. Thus, at the end of 1999, Mountain View Lease, LLC should have:

- \$185,250 in total revenue
- sold 72 vehicles and leased 35 of those cars

Each subsequent year, new objectives will be set for these benchmarks, and actual performance will be measured against them. If actual performance falls short of objectives, investigation will be made into the cause, and plans adjusted accordingly.

In addition, Mountain View Lease, LLC will keep track of the source of all new clients (“Where did you hear of me?”) in order to measure the effectiveness of each type of promotion. Each subsequent year’s budget should adjust spending accordingly.

#### **Evaluation & Control Strategies**

**FINANCIAL PLAN**

Mountain View is seeking a construction build-out, start-up, and credit line loan of \$275,000 and a start-up working capital and vehicle acquisition credit line of \$225,000.

**Phase I - Funding Amount Sought**

Developmental costs for the start-up of this new auto sales and leasing services company are detailed. This Eight-Year Proforma schedule and its cash flow summary define the financial needs to develop a successful business and are the basis for the start-up capital amounts listed.

The following summary highlights the anticipated developmental costs and the first-year general operating expense. Vehicle acquisition funds are also noted.

**Developmental Expenses**

<b>Classification:</b>	<b>Cost</b>
Legal & Accounting	\$2,000
Initial Advertising & Promotion	\$3,000
Supplies	\$500
Computer and Software	\$2,500
Working Capital	\$25,000
Founders Draw	\$17,000
Consultant Fees	\$2,500
Construction Build-Out	\$272,145
<b>Total</b>	<b>\$324,645</b>

**General Operating Expenses**

<b>Classification:</b>	<b>Cost</b>
Legal & Accounting	\$1,000
Advertising & Promotion	\$18,000
Supplies & Postage	\$1,500
Software Upgrades	\$650
Utilities & Phone	\$14,400
Property Taxes	\$4,800
Insurance	\$4,800
Sewer	\$300
<b>Total</b>	<b>\$45,750</b>

**Revolving Line of Credit**

For Vehicle Acquisition	\$175,355
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The development of the Mountain View Lease, LLC will require the time and talents full-time of Frank Simons. His salary, office, and other related expenses during the start-up phase of the project are incorporated into the Eight-Year Proforma. Phase II growth amounts will be developed and sought at a later date, based upon needs to be determined at that time.

**Financial Plan Assumptions**

The following assumptions will be incorporated into the Mountain View Lease, LLC proforma statements.

- All operating costs are based on Mountain View Lease management research of similar operating companies.
- Automated informational system will reduce Mountain View Lease staff requirements.
- Developmental start-up costs are amortized over a five-year period.
- Overhead and operations costs are calculated on an annual basis.
- Mountain View Lease owner’s salary is based on a fixed salary expense basis.
- All fixed and variable labor costs should rise annually at 5%.
- All revenues, past year five are figured to rise annually at 7.5%.
- Fixed annual, administrative, and office expenses rise at an annual rate of 2.5%.

Resume of Mr. Frank Simons

Appendix A

Work Experience

Masters Chevrolet Cadillac, Twin Cats, WI	1984-1997
Vice President & General Manager	
Managing Partner with exclusive responsibility for daily operation.	
Hallmark Loper Chrysler, Cincinnati, OH	1972-1984
Recruited as sales associate & appraiser. Advanced to:	
Used Car Manager & buyer	
General Sales Manager	
Vice President	
General Manager	
Responsibilities included all aspects of daily operation, hiring, training, and motivation for sales and service departments.	
KLP Pontiac Buick, Highbrow, IN	1970-1972
Promoted to Pontiac Buick Division	
Supervisor: Elmer Matthews	
KLP Chrysler Plymouth, Highbrow, IN	1969-1970
Hired as a Sales Associate	
Supervisor: Jim Biller	

Example Promotional Materials

Appendix B

News Release

For Immediate Release:

A new full-service pre-driven vehicle leasing and sales business has opened its doors in Pebbles, Colorado. Owned and operated by Frank Simons, Mountain View Lease, LLC will cater to the needs of both businesses and individuals, highline vehicle buyers throughout Greater Pebbles.

“I realize there are several auto sales and leasing firms in the area, however, none specialize in the high-end pre-driven vehicle market, like we do,” says Simons, a veteran with over 30 years in the industry. “But Mountain View Lease, LLC is different. I firmly believe in the importance of customizing my service to the needs of my clients.”

In addition to traditional auto sales and leasing services, Simons will also offer pick-up and delivery services, along with evening and Saturday hours. He will also go to a customer's home, an especially attractive service for busy people. For all of his customers, Simons stresses the importance of selection and quality of new and pre-driven products.

Mountain View Lease, LLC is the alternative dealership the area has needed. As Simons emphasizes, "I truly am interested in the happiness of my customers, whether they're a small business operator like myself, a large corporation, or an individual just trying to drive the vehicle of their dreams."

For more information, contact Frank Simons at Mountain View Lease, LLC, 900 Minchon Drive, Pebbles, CO 80211.